



IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

Appellants: Thomas J. Sullivan et al.
Appl. No.: 09/385,489
Filed: August 30, 1999
Title: SYSTEM AND METHOD FOR ADMINISTERING PROMOTIONS
Art Unit: 2162
Examiner: D. LASTRA
Docket No.: 110754-629

Commissioner for Patents
Washington, DC 20231

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#16/ Appellants
Reply
to
Examiner's
Answer
3-24-03

APPELLANTS' REPLY TO EXAMINER'S ANSWER

Sir:

I. INTRODUCTION

Appellants submit this Reply to the Examiner's Answer dated January 24, 2003.

Claims 1 to 94 are pending in the application. Claims 1 to 17, 19 to 62, 64 to 82 and 84 to 94 stand rejected under 35 U.S.C. §102(a) as being unpatentable over U.S. Patent Serial No. 5,832,458 ("Jones"). Claims 18, 63 and 83 stand rejected under 35 U.S.C. §103(a) as being unpatentable over *Jones*.

The Examiner argues that certain elements which are in the pending claims are not expressly disclosed or taught by *Jones* but are instead inherent in the system of *Jones*. The Examiner's rejections and Answer to Appellants' Appeal Brief ignore and fail to address the issue of why the numerous elements present in the claims are "necessarily present" in the *Jones* system. The Examiner merely concludes that these numerous missing elements are inherent in *Jones*.

The Federal Circuit is clear on this issue. Inherent anticipation requires that the missing descriptive material must be necessarily present, not merely probable or possibly present in the prior art. *Rosco, Inc. v. Mirror Lite Co.*, 304 F.3d 1373, 1380 (Fed. Cir. Sept. 24, 2002). The Examiner does not provide any sustainable reasons or arguments as to why the numerous elements of the claims are necessarily present in the *Jones* system. Appellants, in their Appeal Brief, have set forth several illustrative

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examples of how the *Jones* system would not use or include the missing elements. Appellants have also set forth the substantive differences between the present invention and the *Jones* system. The Examiner's Answer restates his conclusions without providing any sustainable support as to why the numerous missing elements are necessarily present in the *Jones* system.

The Federal Circuit in *In re Robertson*, 169 F.3d 743, 745 (Fed. Cir. 1999) stated that to establish inherency, the extrinsic evidence "must make clear that the missing descriptive matter is necessarily present in the thing described in the reference, and that it would be so recognized by persons of ordinary skill." (citing *Continental Can Co. v. Monsanto Co.*, 948 F.2d 1264, 1268 (Fed. Cir. 1991)). Inherency cannot be established by probabilities or possibilities. *Id.* The mere fact that a certain thing may result from a given set of circumstances is not sufficient. *Id.* The Court in *Robertson* ruled that the Board of Patent Appeals ignored these principles when the Board found that the proposed claim was inherent in a prior art reference. *Id.* The Court stated that the Board made no attempt to show that the missing elements were "necessarily" disclosed in the prior art reference and cited no extrinsic evidence so indicating. *Id.* The Court held that the Board's theory that two devices in the prior art reference which were capable of being intermingled to perform the same function as the elements in the claims was insufficient to show that the latter device was inherent in the prior art reference. *Id.* The Court reasoned that the Board's analysis rested upon the very kind of probability or possibility which is insufficient to establish inherency. *Id.*

Similarly, in the present case, the Examiner has made no logical or sustainable demonstration that the missing elements are necessarily present in *Jones*. Indeed, in his Answer to Appellants' Argument, the Examiner has merely set out his conclusions without addressing the key issue of why the numerous missing elements are necessarily present in the *Jones* system. The Examiner has not established that the missing elements are necessarily present in the *Jones* system. Numerous elements in the claims are missing from and are not inherent in the *Jones* system and, as such, *Jones* cannot anticipate the present invention. It is respectfully submitted that the Claims 1 to 94 are in condition for allowance and the rejections of such claims should be reversed.

II. RESPONSE TO EXAMINER'S ARGUMENTS

Appellants reply to each of the Examiners' Responses to Arguments as follows:

(a) The Examiner states that Appellants are arguing that the *Jones* system does not receive product or promoted product POS data collected by the retailer. The Examiner is incorrect. One embodiment of the present invention includes a system which collects product or promoted product POS data and payment term information of the trade promotion. The payment term information are the terms agreed upon by the manufacturer and retailer under which the retailer is compensated for the trade promotion. It is these elements together which *Jones* does not expressly or inherently disclose, teach or suggest.

The Examiner argues that the *Jones* system utilizes a passive collection of actual POS data and transactions to establish a database of performance. The Examiner states by tying the contract to performance, the *Jones* system simplifies settlement and provides a clear record to both parties regarding the results of the event. From this, the Examiner concludes that it would be inherent that the *Jones* system would store and provide all the data necessary to determine and calculate the amount of money owed by the manufacturer to the retailer. The Examiner misunderstands the present invention and *Jones*. It is not disputed that the *Jones* system utilizes a passive collection of actual POS data and transactions to establish a database of performance. *Jones*, however, does not expressly or inherently disclose an independent system which additionally captures payment term information and uses such information to determine the amount of money owed by the manufacturer to the retailer.

Jones discloses a system which provides a third-party record of the trade promotion's performance, i.e. the number of items and the transactions relating to the items. (Column 11, lines 6-67). *Jones* does not expressly or inherently disclose that the system collects or provides all of the information or data necessary to determine the amount of money owed to the retailer. Rather, the *Jones* system only provides a third-party record of the items included in the promotions and the transactions pertaining to each item. It is not necessary that the *Jones* system collect and store the payment term information because it is the manufacturer and/or retailer who determines the amount of

money owed to the retailer. Thus, it is the manufacturer and retailer who must have the relevant payment term information and not the *Jones* system.

The Examiner cites to lines 40 to 52 of column 11 as evidencing that the manufacturer already performed this calculation, and that it is more easily performed by the *Jones* system. A more careful reading of *Jones* shows that the Examiner has misunderstood *Jones*. Lines 40 to 52 of column 11 cited by the Examiner provides only a background description of disputes or "deductions" in trade promotions. It is lines 1 to 47 of column 12 which expressly explains the use of the *Jones* system in trade promotions. *Jones* describes its system as electronically auditing and tracking the results of the retailer's efforts while monitoring and recording all POS transactions "as described earlier". (Column 12, lines 1-14). *Jones* does not, however, disclose, teach or suggest that the system determines and calculates the amount of money owed by the manufacturer to the retailer. *Jones* only discloses that the system "audits and tracks the results of the retailer's efforts while monitoring and recording all POS transactions as described earlier." (Col. 12, lines 22-24). It is not necessary that the *Jones* system capture, store or use payment term information to audit and track a retailer's efforts during a trade promotion. Moreover, the mere mention of the contract that exists between the manufacturer and retailer in *Jones* has nothing to do with capturing of the terms of the contract for use in determining payments. As such, it follows that the *Jones* system does not inherently include the collection of product or promoted product POS data in combination with the payment term information of the trade promotion. *Jones* does not disclose, teach or suggest a system which determines and calculates the amount of money owed by the manufacturer to the retailer.

(b) The Examiner argues that lines 30 to 40 of column 12 teaches that by crafting the promotion contract around performance goals evidenced by incremental sales volume increases, and having recourse to a valid third party audit of the performance achieved, both retailer and manufacturer have a clear and current factual record to use in resolving payment disputes. The Examiner cites to *Jones* for the following:

[a]n audit according to the present invention materially reduces the current cost for both retailers and manufacturers to track, collate, and transmit data on performance. As a result, more prompt and accurate settlements between the

parties materially reduce the cost of resolving the disputes fostered by the current process.

From this the Examiner concludes that "it would be inherent that in order to track the performance that would help manufacturers determine how much money they owed to the retailer they would have to know the products that are in promotion and the payment terms because these items are essential to make such determination."

The Examiner is incorrect. The *Jones* system provides a third party audit for tracking the performance of the trade promotion only. For this, the *Jones* system only needs to know the items involved in the trade promotions and the transactions involving the relevant items. The third party audit provided by the *Jones* system reduces the cost of tracking the performance of the trade promotions and also reduces the disputes caused by the manufacturer or retailer themselves tracking the performance. The *Jones* system, however, does not need to know or use payment term information to track the performance of the trade promotion. *Jones* expressly states:

[p]redetermined and customized reports of these incremental sales volume increases, definitively documenting promotional performance on behalf of the retailer, is preferably sent to both the retailer and the manufacturer after each event to support the settlement process. As before, the retailer summarizes the necessary information on promotional support activities, including the report documentation if desired, invoices the manufacturer, and deducts the price discount from checks paid by the retailer to the manufacturer.

(Column 12, lines 20-29). As expressly disclosed by *Jones*, it is the retailer who determines the amount owed to the retailer, not the third-party audit system. It is then the retailer who must know the payment term information and not the *Jones* system. The *Jones* system only provides a third-party record of the performance of the trade promotion. For this, the *Jones* system does not need the payment term information. The Examiner provides no reasoning why collecting and using the payment term information to determine the amount of money the manufacturer owes to the retailer is necessarily present in the *Jones* system. The *Jones* system does not disclose, teach or suggest collecting and using the payment term information to determine the amount of money the manufacturer owes to the retailer.

(c) The Examiner argues that it would be inherent that the *Jones* audit system would help the manufacturer and the retailer in settling the amount of the money that the manufacturer owes to the retailer, making it easier to make the calculation because the audit system stores all the transaction data correlated with the terms of the promotion contract. The *Jones* system helps the manufacturer and the retailer in settling the amount of money that the manufacturer owes to the retailer because the *Jones* system provides a third-party record of the performance of the trade promotion. However, this is not the present invention. The present invention doesn't simply "help" the manufacturer and retailer, it goes further, it calculates the actual amount of money the manufacturer owes to the retailer based upon the performance of the trade promotion and the payment term information agreed to by the parties and stored in the system. It is not inherent that the *Jones* system would perform such a calculation.

(d) The Examiner argues that *Jones* in lines 60 to 67 of Column 11 discloses that the electronic audit of the trade promotion process utilizes the passive collection of actual POS data by item and by transaction to establish a database of performance. The Examiner states by tying the contract to performance, the electronic audit simplifies the settlement process and provides a clear record of the results of the event, to both parties. From this, the Examiner concludes that it would be inherent that *Jones* would store the terms of the contract because that is the way the *Jones* system would know which parameters it needs to settle the money owed between the manufacturer and the retailer. The Examiner reasons that if the *Jones* audit system did not know the terms of the contract it would not be able to monitor the pertinent features related to the contract in order to reach a settlement between the parties.

The Examiner is incorrect. First, the *Jones* system does not settle the money owed between the manufacturer and the retailer. The *Jones* system only provides a third-party record of the performance of the trade promotion. The manufacturer and the retailer use this record to help determine the amount of money owed to the retailer. Second, it is not inherent that the *Jones* system stores the payment term information. *Jones* expressly states that the data which its system uses and stores is the actual POS data by item and by transaction to establish the database of performance. (Col. 11, lines 61-64). *Jones* does not disclose, teach or suggest that its system stores or uses

any payment term information. The *Jones* system would have no use for such information because, as taught by *Jones*, it is the manufacturer and/or the retailer who determine the amount of money owed to the retailer for the trade promotion.

(e) The Examiner argues that the purpose of the *Jones* audit system is to simplify the settlement process and to provide a clear record of the results of the event to parties. The Examiner concludes that it is inherent that the *Jones* system provides manufacturers and retailers with an effective and trustworthy system for determining the amount of money owed to the retailer for the trade promotion.

The *Jones* system provides a record of the results of the trade promotion to the parties. However, as with any contract or agreement, there may still be disputes relating to terms of agreement and how such terms are applied. For instance, the payment term information may contain ambiguous terms, the terms may not be applied correctly or simple accounting errors may occur. *Jones* does not address these problems. The *Jones* system does not provide the parties with an effective and trustworthy system which determines the actual amount of money that the manufacturer owes to the retailer. The *Jones* system provides a system for providing a third-party record of the performance of the trade promotion. Providing an effective and trustworthy system for determining the actual amount of money that the manufacturer owes to the retailer is not necessarily present in a system which provides only a third-party record of performance to the parties. Thus, determining the amount of money owed to the retailer is not inherent in the *Jones* system.

(f) The Examiner argues that *Jones* teaches in lines 10 to 30 of column 12 that the audit system stores and documents the promotion performance on behalf of the retailer and that the retailer and the manufacturer have access to this information to support the settlement performance. The Examiner concludes that it would be inherent that the *Jones* audit system would store the promotional performance in its database, and that this database would be accessible to both the retailer and the manufacturer to assist them in the settlement process.

Jones does not teach or suggest providing the retailer and manufacturer access to the system database storing the promoted product identification and the payment

term information of the trade promotion. Rather, the *Jones* system sends the reports to the retailer and the manufacturer after each event to support the settlement process. (Column 12, lines 20-25). There is no reason for the manufacturer and retailer to have access to the system database in *Jones* because the *Jones* system sends the parties the reports. Moreover, it is not necessarily present in *Jones* that the manufacturer and retailer would have access to the database in order to receive such reports because there are a variety of different ways in which the reports could be sent to the parties, such as by facsimile or mail. The Examiner provides no support as to why the independent database being accessible by both the retailer and manufacturer is necessarily present in the *Jones* system. *Jones* does not disclose, teach or suggest providing both the retailer and the manufacturer access to the independent system database.

(g) Claim 30 includes the additional elements of:

- providing the retailer and manufacturer access to the independent system operator database to independently verify the terms of the trade promotions;
- storing the amount of money the manufacturer owes the retailer in the independent system operator database; and
- providing the retailer and manufacturer access to the independent system operator database during the conduct of the trade promotion to determine the amount of money the manufacturer owes the retailer for the trade promotion.

The Examiner argues that he has addressed these additional elements in his response in paragraphs (b) and (f) to Appellants arguments. As discussed above, nowhere does *Jones* disclose, teach or suggest: (a) that both the retailer and manufacturer have access to the independent system operator database to perform the above described functions; or (b) that the database stores the amount of money the manufacturer owes the retailer. Moreover, the Examiner has not provided any support as to why such elements are necessarily present in the system of *Jones*.

(h) Claim 33 includes the additional element of:

- enabling the retailer and manufacturer to access the electronic database of the independent system to determine the stored terms of the trade promotions.

The Examiner argues that he has addressed this additional element in his response in paragraphs (b) and (f) to Appellants' arguments.

As discussed above, *Jones* does not disclose, teach or suggest enabling the retailer and the manufacturer to access the electronic database of the independent system to determine the stored terms of the trade promotions. Moreover, the Examiner provides no support as to why this element is necessarily present in the system disclosed by *Jones*.

(i) Claim 37 includes the additional element of:

- a manufacturer system in communication with the independent system.

The Examiner argues that *Jones* discloses a manufacturer system in communication with the independent system and cites to lines 22 to 26 of column 6 as support. The Examiner is incorrect. A more careful reading of *Jones* shows that lines 22-26 of column 6 discloses the central computers on the *Jones* system collecting data from each electronic audit system for further processing the data for subsequent analysis and use by manufacturers and retailers. Clearly, lines 22 to 26 of column 6 of *Jones* do not disclose, teach or suggest the manufacturer system in communication with the independent system. The portion of *Jones* cited by the Examiner refers to the use of the data, i.e. the reports, by manufacturers and retailers. Such data could be transmitted to the manufacturer via facsimile or mail. The *Jones* system is only in communication with the retailer's system. *Jones* does not disclose, teach or suggest a manufacturer system in communication with the independent system.

(j) Claims 47, 88 and 89 include the additional element of:

- receiving from the retailer promoted product POS data.

The Examiner argues that *Jones* teaches receiving from the retailer promoted product POS data and cites to lines 30 to 35 of column 6 as support. Lines 30 to 35 of column 6 discusses the use of POS optical scanners in their normal retailer store operation to

detect bar coded information affixed to retailer products being sold. The Examiner cites to a paragraph which does not lend support to this argument. As discussed in the Appellants' Brief, *Jones* teaches collecting all of the POS information. The present invention includes receiving only promoted product POS data from the retailer. As such, *Jones* does not disclose, teach or suggest receiving from the retailer promoted product POS data.

(k) Claim 68 includes the additional element of:

- means for the independent system operator to pay the retailer the amount of money determined by the independent system operator.

The Examiner argues that he has addressed this additional element in his response to Applicants' arguments in paragraphs (b), (c) and (f). As discussed above, *Jones* only discloses providing a third-party record of the performance of the trade promotion. Nowhere does *Jones* disclose, teach or suggest the independent system operator paying the retailer the amount of money determined by the independent system operator.

(l) Claim 74 includes the additional elements of:

- providing the retailer and manufacturer access to the independent system operator database to independently verify the terms of the trade promotions;
- storing the amount of money the manufacturer owes the retailer in the independent system operator database; and
- providing the retailer and manufacturer access to the independent system operator database during the conduct of the trade promotion to determine the amount of money the manufacturer owes the retailer for the trade promotion.

The Examiner argues that he has addressed these additional elements in his response in paragraphs (b), (c) and (f) to the Applicants' arguments. As discussed above, *Jones* does not disclose, teach or suggest: (a) both the retailer and manufacturer having access to the independent system to provide the above described functions; or (b) storing the amount of money the manufacturer owes the retailer in the independent system.

(m) Claim 77 includes the additional element of:

- capturing terms of the trade promotion including identification of the retailer, an identification of the manufacturer, a trade promotion type, a UPC Code for the promoted product, a payment value for the promoted product, and link codes for associated discounts if the trade promotion is an electronic discount trade promotion.

The Examiner argues that *Jones* teaches this element, and cites to lines 51 to 64 of column 5 and lines 1 to 40 of column 12 as support. The cited paragraphs, however, do not lend support to the Examiner's arguments. The cited paragraphs expressly state that the *Jones* system records all POS transactions. The purpose of the *Jones* system is to electronically audit POS transactions and not transactions specifically related to trade promotions. Moreover, the *Jones* system expressly discloses for trade promotions passively capturing only actual POS data by item and by transaction to establish a database of performance. (Col. 11, lines 60-66). *Jones* does not disclose, teach or suggest capturing terms specifically related to the trade promotions, such as the link codes for associated discounts relating to the trade promotion.

(n) Claim 84 includes the additional element of:

- capturing the terms of the trade promotions for the promoted products in an independent system which operates independently of the control of the retailer and the manufacturer, including retailer identification, manufacturer identification, trade promotion type, UPC Codes for the promoted products, payment values for the promoted products, and link codes for associated discounts if any of the trade promotions are electronic discount trade promotions.

The Examiner argues that *Jones* teaches this element, and cites to lines 51 to 64 of column 5 and columns 11 and 12 as support. The cited paragraphs, however, do not lend support to the Examiner's arguments. The cited paragraphs expressly state that the *Jones* system records all POS transactions. The purpose of the *Jones* system is to electronically audit POS transactions and not transactions specifically related to trade promotions. Moreover, the *Jones* system expressly discloses for trade promotions passively capturing only actual POS data by item and by transaction to establish a

database of performance. (Col. 11, lines 60-66). *Jones* does not disclose, teach or suggest capturing terms specifically related to the trade promotions, such as the link codes for associated discounts relating to the trade promotion.

o) Claim 90 includes the additional elements of:

- enabling the retailer and the manufacturer to access the terms of the trade promotion stored in the independent system operator database to independently verify the terms of the trade promotion;
- enabling the retailer to change at least one of the stored terms of the promotion prior to the start of the trade promotion, capturing any changed terms of the trade promotion and storing any changed terms of the trade promotion in the independent system operator database;
- enabling the retailer and the manufacturer to access the stored terms of the trade promotion stored in the independent system operator database to independently verify the terms of the trade promotion and to determine if the retailer changed the terms of the trade promotion; and
- enabling the retailer and the manufacturer to access the processed promoted product POS data to determine the amount of money the manufacturer owes to the retailer for the trade promotion.

The Examiner argues that he has addressed these additional elements in his response, in paragraphs (b), (c) and (f), to Appellants' arguments. As discussed above, *Jones* does not disclose, teach or suggest that: (a) that both the retailer and the manufacturer can have access to the independent system to perform the above described functions; or (b) that the retailer is able to change the stored terms in the independent database.

III. CONCLUSION

Jones does not expressly or inherently disclose, teach or suggest the present invention. *Jones* discloses an audit system which provides a third party record of a retailer's efforts in a trade promotion. The *Jones* system collects transactional and POS data for the trade promotion. The *Jones* system provides no other function or service. As set forth in the Appellants' Brief and in the above arguments, the present invention

includes at least two additional elements. The present invention includes collecting payment term information and using the payment term information to determine the amount of money the manufacturer owes to the retailer for the trade promotion. These elements are not expressly or inherently disclosed by *Jones*. As argued above, there are numerous other elements in the various claims which are also not expressly or inherently disclosed by *Jones*. *Jones* does not anticipate the present invention.

The Examiner has failed to establish that *Jones* expressly or inherently discloses the numerous elements in the claims which are not present in *Jones*. The Examiner concludes that the numerous missing elements are inherent in the *Jones* system. The Examiner, however, provides no sustainable support or evidence for his conclusions. The law is clear on this issue. In order to overcome the burden of proof, the Examiner must provide support or evidence showing that the missing elements are necessarily present in the *Jones* system. Without such support, the Examiner cannot establish that the numerous missing elements are inherent in the *Jones* system. *Jones* cannot anticipate the present invention because all of the elements of the present invention are not expressly or inherently disclosed by *Jones*. It is respectfully submitted that the Claims 1 to 94 are in condition for allowance and the rejections of such claims should be reversed.

Respectfully submitted,

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